

VZCZCXRO2072
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DE RUEHLM #2119/01 3560639
ZNR UUUUU ZZH
R 220639Z DEC 06
FM AMEMBASSY COLOMBO
TO RUEHC/SECSTATE WASHDC 5006
INFO RUCPDO/USDOC WASHDC
RUEHNE/AMEMBASSY NEW DELHI 0406
RUEHKA/AMEMBASSY DHAKA 9726
RUEHIL/AMEMBASSY ISLAMABAD 6662
RUEHKT/AMEMBASSY KATHMANDU 4722
RUEHKP/AMCONSUL KARACHI 2087
RUEHCG/AMCONSUL CHENNAI 7226
RUEHGV/USMISSION GENEVA 1634
RUEHC/DEPT OF LABOR WASHDC
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RUEHLMC/MILLENNIUM CHALLENGE CORP

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DOL/ILAB FOR TINA MCCARTER

DRL/IL FOR LAUREN HOLT

STATE FOR SCA/INS

MCC FOR S GROFF, D NASSIRY AND E BURKE

GENEVA PASS USTR

E.O 12958: N/A

TAGS: [ECON](#) [PHUM](#) [SOCI](#) [EAID](#) [CE](#)

SUBJECT: CORRUPTION WORSENING IN SRI LANKA

11. Summary: On December 9th 2006, the Sri Lanka Chapter of Transparency International organized the National Integrity Awards to commemorate United Nations International Anti Corruption Day. Justice Ameer Ismail, Chairman of the Sri Lanka Commission to Investigate Allegations of Bribery or Corruption and Ambassador Robert O. Blake were among the guests. Three members of the Sri Lanka administrative service were honored for their courage in bringing various aspects of government fraud and corruption to light. Chief Guest Anura Roy of India and later the Ambassador urged Sri Lanka to enact a Freedom of Information Act to ensure transparency and accountability of government. World Bank and Transparency International indices confirm popular perceptions that the scope of corruption is increasing. A recent USAID assessment found that the percent of a publicsector contract paid in bribes has nearly tripled. President Rajapakse has pledged his full backing to investigations of all corruption. End Summary

Importance of Freedom of Information

12. The Sri Lanka Chapter of Transparency International commemorated United Nations International Anti Corruption Day on Saturday, December 9th 2006. Ambassador Robert O. Blake was the guest of honor and the event was co-sponsored by the United States Agency for International Development's Anti Corruption Program which is supported with tsunami supplemental funding.

13. The Executive Director of Transparency International, Mr. J.C. Welimuna, said in his introductory remarks, that: "abuse of power for personal gain - in other words corruption - has been one of the major causes in the failure of the Sri Lanka State...". He commented that all branches of government, the private sector and civil society have failed to show sufficient commitment to address corruption in their respective sectors. Weliamuna lamented that "A culture of secrecy has invaded our lives." The escalating conflict in Sri Lanka and government's imposition of more far reaching Emergency Regulations to address the security threat have resulted

in a more restrictive operating environment for the independent media.

¶4. The keynote speaker at the event was Ms. Aruna Roy, a leader of the civil society campaign in India that successfully campaigned for the enactment of a Freedom of Information Act in India. Ms. Roy spoke of the importance of such legislation to ensure transparency and accountability of government to the citizens and urged that Sri Lanka enact its own such law. Note: In 2003, the United National Front (UNF) government, led by then-Prime Minister Ranil Wickremesinghe, approved the drafting of a Freedom of Information Bill, but with the fall of the UNF government in April 2004, the bill was never tabled before Parliament.

¶5. Ambassador Blake told the audience Sri Lanka needs effective laws and procedures to combat corruption. He cited the example of India where the Freedom of Information Act provides the necessary legislative framework to encourage integrity and accountability in government. He encouraged the Government of Sri Lanka to pass its own Right to Information Law. He also reviewed the steps the USG has taken to ensure integrity in government, such as the creation of Inspectors General that report to Congress, and the requirement that all senior officials file annual financial disclosure forms.

Three Courageous Civil Servants

¶6. Transparency International awarded three GSL officials for their efforts to root out corruption in government. The first runner-up, a woman, was recognized for her courage in reporting sexual harassment by her supervisor and helping to make sexual harassment a crime under GSL regulations governing the conduct of official employees. The other runner-up was an auditor in the Ministry of Irrigation who took the initiative to inspect irrigation projects

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around the country, thereby discovering widespread misuse and diversion of Ministry funds. The winner, the Auditor General of Sri Lanka, was recognized for his six years of work as Auditor General during which he uncovered tens of billions of rupees in corruption in the tax and other systems, and also brought the Auditor General's office up to international standards.

Comment on Worsening Corruption in Sri Lanka

¶7. The award ceremony was timely. There is a universal consensus that corruption is increasing in Sri Lanka. Both the Transparency International Corruption Perception and the World Bank's Control of Corruption indices for Sri Lanka show a decline in recent years. The World Bank Control of Corruption Index has shown a decline from -0.17 in 2004 to -0.31 in 2005. Transparency International's Corruption Perception Index shows a decline from 67th place in 2004 to 84th in the 2006 ranking. During the recent USAID Democracy and Governance assessment, anecdotal evidence from the private sector indicated that the percent of a public sector contract paid in bribes has nearly tripled.

¶8. Several government entities do try to address corruption, the most important being: the Commission to Investigate Allegations of Bribery or Corruption, the Auditor General's Department and the National Procurement Agency. However, there is a confusion of mandates and these institutions frequently interpret their mandates narrowly, inhibiting their effectiveness.

¶9. Mr. Wijedasa Rajapakse, a Member of Parliament and Chairman of the Parliamentary Committee on Public Enterprises told the media alleging that state owned enterprises are "highly corrupt" and the loss incurred by these corporations is at least one hundred billion Sri Lanka Rupees (United States \$ 100 million). Mr. Nimal Perera, Deputy Auditor General of Sri Lanka, commented that these figures have not been confirmed by an audit. But there is no question corruption is widespread. To his credit, President Rajapakse has pledged his full backing to investigations of all corruption.

BLAKE